



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

MAR 14 2005

David O. Stewart, Esq.
Ropes & Gray
700 12th St. NW, Suite 900
Washington, DC 20005

R. Matthew Martin, Esq.
Paul, Hastings, Janofsky & Walker LLP
600 Peachtree Street, N.E., Suite 2400
Atlanta, GA 30308

RE: MUR 5643 (formerly Pre-MUR 426)
Carter's Inc.
Frederick Rowan
Michael Casey
Charles Whetzel
David Brown

Dear Messrs. Stewart and Martin:

On March 10, 2005, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf, in settlement of violations of 2 U.S.C. §§ 441b and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1650.

Sincerely,


Audra L. Wassom
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

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MUR 5643

Carter's Inc.
Frederick Rowan
Michael Casey
Charles Whetzel
David Brown

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COUNSEL
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CONCILIATION AGREEMENT

This matter was initiated by a Sua Sponte submission filed with the Federal Election Commission ("the Commission") by Carter's Inc. and four of its officers, Frederick Rowan, Michael Casey, Charles Whetzel, and David Brown ("Respondents"). Acting pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, the Commission found reason to believe Respondents violated 2 U.S.C. §§ 441b and 441f.

See 2 U.S.C. §§ 437g(a)(2)

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows.

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III Respondents enter voluntarily into this agreement with the Commission

IV. The pertinent facts in this matter are as follows:

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Background

1. Carter's, Inc. is a corporation headquartered in Atlanta, Georgia that produces children's apparel
2. Frederick Rowan is the Chairman and Chief Executive Officer of Carter's, Inc
3. Michael Casey is the Executive Vice President-Finance and Chief Financial Officer of Carter's, Inc.
4. Charles Whetzel is the Executive Vice President-Global Sourcing for Carter's, Inc.
5. David Brown is the Executive Vice President-Operations for Carter's, Inc.
6. Chambliss for Senate was the principal campaign committee of Saxby Chambliss, who was a candidate for a U.S. Senate seat from Georgia in 2002.

The Law

7. 2 U.S.C. § 441b prohibits a corporation from making a contribution in connection with any election to any political office and prohibits corporate officers from consenting to a corporate contribution 2 U.S.C. § 441b; 11 C.F.R. § 114.2(a).
8. 2 U.S.C. § 441f prohibits: (1) making a contribution in the name of another, (2) knowingly permitting one's name to be used to effect such a contribution; and (3) knowingly accepting such a contribution. In addition, no person may knowingly help or assist any person in making a contribution in the name of another. 2 U.S.C. § 441f; 11 C.F.R. § 110.4(b)(1)(iii). This prohibition also applies to any person who provides the money to others to effect contributions in their names. 11 C.F.R. § 110.4(b)(2)

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The Fundraising Event

9. On March 27, 2002, Chambliss for Senate sponsored a fundraising event that included a speech by President George W. Bush.

10. Mr Rowan became aware of the upcoming speech by President Bush, and viewed it as a potential team building event for his top executives. Mr Rowan subsequently requested that Messrs. Casey, Whetzel, Brown, and each of their wives, join him and his wife in attending the President's speech.

11. To obtain tickets to the event at which the President was speaking, each of the individual Respondents either wrote, or caused their wives to write, a check for \$2,000 to Chambliss for Senate. The checks were collected by Mr. Rowan's assistant, and provided to Mrs Rowan, who purchased the tickets at a Chambliss for Senate office in Atlanta.

12. Although the checks were made payable to Chambliss for Senate, each of the individual Respondents contend that they regarded the payments as being for the cost of tickets to the speech by President Bush and that they did not fully appreciate that they were making political contributions.

Reimbursement

13. Pursuant to Mr. Rowan's instructions, each of the individual Respondents (Frederick Rowan, Michael Casey, Charles Whetzel, and David Brown) requested reimbursement from Carter's, Inc. for the \$2,000 cost of their tickets to the Chambliss for Senate event.

14. In the Spring of 2002, Carter's reimbursed each of the individual Respondents for their \$2,000 contribution to Chambliss for Senate.

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Corrective Action

15. In the summer of 2004, an internal audit of expense reimbursements by Carter's determined that it reimbursed political contributions to the Chambliss for Senate committee

16. In July 2004, at Carter's request, each of the individual Respondents subsequently repaid the \$2,000 expense reimbursement

17. Carter's reissued its expense reimbursement policy prohibiting reimbursement of political contributions in August 2004

V. Respondents violated 2 U.S.C. §§ 441b and 441f.

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of eight thousand dollars (\$8,000), pursuant to 2 U.S.C. § 437g(a)(5)(B). This civil penalty reflects a reduction from the cumulative penalty that the Commission would have sought from each of the Respondents if the violations had not been voluntarily disclosed. Respondents will cease and desist from violating 2 U.S.C. §§ 441b and 441f. Respondents will waive their right to any refund of the contributions and will instruct Chambliss for Senate to disgorge the \$8,000 in contributions to the U.S. Treasury

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence H. Norton
General Counsel

3/14/05
Date

BY: Rhonda Vosdingh
Rhonda J. Vosdingh
Associate General Counsel

FOR THE RESPONDENTS:

David O. Stewart
David O. Stewart, Esq.
For Carter's, Inc.

2/24/05
Date

R. Mathew Martin
R. Mathew Martin, Esq.
For Messrs. Rowan, Casey, Whetzel, & Brown

February 24, 2005
Date

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